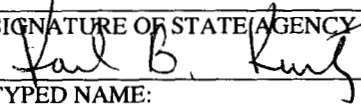
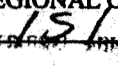


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TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL	
FOR: HEALTH CARE FINANCING ADMINISTRATION	
1. TRANSMITTAL NUMBER: <b>02-002</b>	2. STATE <b>IDAHO</b>
3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)	
4. PROPOSED EFFECTIVE DATE <b>3/19/02</b>	
5. TYPE OF PLAN MATERIAL (Check One): <input type="checkbox"/> NEW STATE PLAN <input type="checkbox"/> AMENDMENT TO BE CONSIDERED AS NEW PLAN <input checked="" type="checkbox"/> AMENDMENT COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (Separate Transmittal for each amendment)	
6. FEDERAL STATUTE/REGULATION CITATION: <b>42CFR 447.253</b>	7. FEDERAL BUDGET IMPACT: a. FFY 2002      \$ 106,538.52 b. FFY 2003      \$ 106,433.17
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT: <b>Attachment 4.19-A, pages 13 and 13-a</b>	9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable): <b>Attachment 4.19-A, page 13 and 13-a</b>
10. SUBJECT OF AMENDMENT: <b>Supplemental payments for non-state government-owned hospitals</b>	
11. GOVERNOR'S REVIEW (Check One): <input checked="" type="checkbox"/> GOVERNOR'S OFFICE REPORTED NO COMMENT <input type="checkbox"/> OTHER, AS SPECIFIED: <input type="checkbox"/> COMMENTS OF GOVERNOR'S OFFICE ENCLOSED <input type="checkbox"/> NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL	
12. SIGNATURE OF STATE/AGENCY OFFICIAL: 	16. RETURN TO: Joseph R. Brunson, Administrator Idaho Department of Health and Welfare Division of Medicaid PO Box 83720 Boise ID 83720-0036
13. TYPED NAME: <b>KARL B. KURTZ</b>	
14. TITLE: <b>Director</b>	
15. DATE SUBMITTED: <b>March 25, 2002</b>	
FOR REGIONAL OFFICE USE ONLY	
17. DATE RECEIVED: <b>MAR 28 2002</b>	18. DATE APPROVED: <b>MAY - 1 2002</b>
PLAN APPROVED - ONE COPY ATTACHED	
19. EFFECTIVE DATE OF APPROVED MATERIAL <b>MAY 1 2002</b>	20. SIGNATURE OF REGIONAL OFFICIAL: 
21. TYPED NAME: <b>Brunson Sutherland</b>	22. TITLE: <b>ASSOCIATE REGIONAL ADMINISTRATOR DIVISION OF MEDICAID AND STATE UTILIZATION</b>
23. REMARKS:	

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Attachment 4.19-A

conditions are met:

a. Total inpatient and outpatient covered charges are more than fifty thousand dollars (\$50,000) in the fiscal year; or

b. When less than fifty thousand dollars (\$50,000) of the covered charges are billed to the state by the provider, and a probable significant underpayment or overpayment is identifiable, and the amount makes it administratively economical and efficient for cost settlement to be requested by either the provider or the state, a cost settlement will be made between the hospital and the Department.

02. Payment for Hospitals Without Cost Settlement. Those out-of-state hospitals not cost settling with the state will have annually adjusted rates of payment no greater than seventy-five percent (75%) for inpatient covered charges and no greater than eighty percent (80%) of outpatient covered charges or, the department's established fee schedule for certain outpatient services. These rates represent average inpatient and outpatient reimbursement rates paid to Idaho hospitals.

457. SUPPLEMENTAL PAYMENTS FOR NON-STATE GOVERNMENT-OWNED HOSPITALS. Subject to the provisions of this section, eligible providers of Medicaid inpatient hospital services shall receive a supplemental payment each state fiscal year. Eligible providers are non-state government-owned hospitals, including critical access hospitals and district hospitals.

The supplemental payments are intended to be used to improve access to health care in rural areas and potentially to fund or offset costs of the uninsured. The payments made to these facilities will be based on the aggregate difference in the actual amount paid by the Medicaid program and the amount that would have been paid under Medicare payment principles up to 100% allowable Medicare payment level. Supplemental payments made to the non-state governmental-owned hospitals will be distributed to all hospitals within that group based on a hospital's percentage of Medicaid inpatient days to total inpatient days within the group.

The supplemental payments made to non-state government-owned hospitals are subject to prior federal approval, legislative appropriation, and a contractual commitment by the hospitals not to allow expenditures paid for by the supplemental payments to be included in costs used to set Medicaid hospital payment rates.

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Supersedes No.: 01-005

Date Approved: \_\_\_\_\_  
Date Effective: 3-19-02

ATTACHMENT 4.19-A

The supplemental payments shall not be subject to rules governing payments to hospitals found in IDAPA 16.03.10. However, they shall not exceed 100% of federal Medicare upper limit for non-state government-owned hospital payments. The Medicare upper payment limit analysis will be performed prior to making the supplemental payments.

The supplemental payments will be made for Medicaid services provided on or after the period August 1 through September 30, 2001, and then for each federal fiscal year thereafter, authorized by federal law. This change will increase federal Medicaid payments to eligible hospitals.

458. INSTITUTIONS FOR MENTAL DISEASE (IMD). Except for individuals under twenty-two (22) years of age which are contracted with the Department under the authority of the Division of Family and Community Services and certified by the Centers for Medicare & Medicaid Services, no services related to inpatient care in a freestanding psychiatric hospital will be covered.

459. AUDIT FUNCTION. Under a common audit agreement, the Medicare Intermediary may perform any audit required for both Title XVIII and Title XIX purposes. The Department may elect to perform an audit even though the Medicare Intermediary does not choose to audit the facility.

460. ADEQUACY OF COST INFORMATION. Cost information as developed by the provider must be current, accurate, and in sufficient detail and in such form as needed to support payments made for services rendered to recipients. This includes all ledgers, books, reports, records and original evidences of cost (purchase requisitions, purchase orders, vouchers, requisitions for materials, inventories, labor time cards, payrolls, bases for apportioning costs, etc.), which pertain to the determination of Reasonable Costs, leaving an audit trail capable of being audited. Financial and statistical records will be maintained in a consistent manner from one (1) settlement period to another.

Transmittal No: 02-002  
Supersedes No: 01-005

13-a. Date Approved: \_\_\_\_\_  
Date Effective: 3-19-02